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Report Highlights:

India sold out to West at WTO: Agriculture Minister, *Farm exporters may reap double harvest*, *Import prices of edible oils may be cut*, *FDI flip-flop: Retailers give country the skip*, *ICRISAT to promote transgenic technology*.

Includes PSD Changes: No
Includes Trade Matrix: No
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New Delhi [IN1]
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Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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INDIA SOLD OUT TO WEST AT WTO: AGRICULTURE MINISTER

The Commerce Ministry and the Agriculture Ministry differ on India's negotiations at the recent WTO meeting. The Agriculture Ministry has prepared a note for the Prime Minister that says the WTO framework agreement that Commerce Minister signed in Geneva was a sell out. Agriculture Ministry's scrutiny of the agreement has revealed that India had conceded much more than it got. While the US and the EU made specific gains, "concessions" for India were still to be negotiated. The Agriculture Ministry's contention is that in the absence of any "finality", the developed countries' commitments to eliminate all forms of export subsidies by an "end date" were meaningless. India has agreed to open its border for US agricultural products, while the US has not said when its export subsidies will be taken out. While the Commerce Minister said India was eligible to designate "an appropriate number of products as special products, based on the country's food and livelihood security", the Agriculture Minister's contention is that without specifying the special products, the concession did not mean much. (Source: Hindustan Times, 08/23/04)

Post Comment: Later the government clarified that there are no differences between the Ministries of Agriculture and Commerce over the issue of the framework agreement.

FARM EXPORTERS MAY REAP DOUBLE HARVEST

Exporters of fruit, vegetables, flowers, minor forest products, and all their value added products may be accorded a freely tradable, duty-free import entitlement of up to 5 percent of the FOB value of their annual exports, without restriction on the type of imports. An announcement regarding this is expected in the foreign trade policy likely to be announced by the month-end. The government reckons that it can legitimately give these concessions to the farm sector without violating the WTO. (Source: Economic Times, 08/25/04)

IMPORT PRICES OF EDIBLE OILS MAY BE CUT

After the recent tariff reduction on crude petroleum, India, the world's largest edible oil importer, is considering cutting the tariff values for palm and soybean oils to control inflation. Inflation surged to a three and a half year high of 7.96 percent. Unidentified official sources in the Finance Ministry revealed that the government is planning a review of tariff values and not import tariffs. Trade sources concurred that the current landed prices of edible oils are lower than the existing tariff values by more than 10 percent and hence warrant a revision. (Source: Business Standard, 8/25/04)

Post Comment: Such a change is consistent with India's reference price regime for palm and soybean oils and recent price declines.

FDI FLIP-FLOP: RETAILERS GIVE COUNTRY THE SKIP

With the new government struggling to push FDI liberalization in the retail sector, leading overseas players like Carrefour (France), Tesco & Debenhams (U.K.), NTUC Fair Price

(Singapore), and John Keels (Sri Lanka) have shelved their plans for India and are looking at other avenues. Retail is one of the few sectors closed for FDI, primarily due to the opposition from local traders who fear that a large number of people employed by the small outlets will be rendered jobless by the entry of foreign MNCs. The earlier NDA government had indicated on several occasions that retail sector will be opened up for FDI by allowing upto 26 percent equity for foreign investors. However, defeat of the NDA government in the last elections dampened hope as the new UPA government seems to be in no mood to open FDI in retail. (Source: Economic Times, 8/24/04)

ICRISAT TO PROMOTE TRANSGENIC TECHNOLOGY

International Crops Research Institute for Semi-Arid Tropics (ICRISAT), an organization of the Consultative Group on International Agricultural Research, recently announced setting up of a 'Knowledge Centre' in India in collaboration with International Service for Acquisition of Agri-bioetch Applications based at Philippines. With this initiative, ICRISAT proposes to generate awareness among the media and other stakeholders about the possible benefits of transgenic technology. As the first in a series, ICRISAT will conduct a three-day media seminar-cum-workshop from October 11, 2004. The seminar will focus on reporting on agricultural science through face-to-face interactions and on-line programs. (Source: Financial Express, 8/23/04)

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